

The complaint

Mr A complains about the way U K Insurance Limited (“UKI”) handled a claim he made on his motor insurance policy.

What happened

Mr A held a motor insurance policy with UKI. He reported a claim to them in September 2024 when his vehicle was hit while parked. Unfortunately, the other vehicle wasn’t able to be identified and so, UKI recorded the claim as ‘fault’ under Mr A’s policy. The vehicle was collected and Mr A said he expected repairs to start promptly. But the vehicle remained in storage for around three weeks before moving to a repairer. Mr A said he was told parts were on back order and repairs ultimately began in October 2024 and was returned in early November 2024.

During this time Mr A was provided with a courtesy car under his policy, but he says this was unsuitable because his own car was much larger and the courtesy car caused him discomfort and back pain. Mr A says when the vehicle was returned, he discovered further damage which he believed occurred while his vehicle was in storage. He said he arranged his own repairs at a cost of around £1,800.

Additionally, in December 2024 Mr A's insurance policy was cancelled after he missed a monthly payment. Mr. A says he contacted UKI to arrange to call back on 30 December to make the payment, but he was unable to do so, and the policy was therefore cancelled. Mr A was unhappy with UKI’s handling of his claim and the subsequent cancellation of his policy and raised a complaint.

UKI considered the complaint and upheld it in part. They said they accepted there had been a short delay in instructing their suppliers for repairs and awarded £150 for any inconvenience caused. But they said Mr A's remaining issues had been handled in line with the policy's terms. UKI explained that they had since sold the vehicle so they wouldn't be able to evidence whether any damage was caused whilst the vehicle was in storage as they couldn't inspect the vehicle. They also said the courtesy car provided was in line with the policy's terms to provide a small hatchback and not a like-for-like replacement. Finally, they said the claim had unfortunately impacted Mr A's no-claims discount as they had been unable to make a recovery from a third party, and this meant the claim needed to be recorded as “fault”.

Mr A remained unhappy with UKI's response to his complaint - so, he brought it to this Service. An investigator looked at what had happened but didn't recommend that the complaint should be upheld. He said it wouldn't be fair to ask UKI to pay for any damage they had not been given the opportunity to inspect, and that Mr A had been provided a courtesy car in line with the policy's terms. The Investigator also outlined that as it was not possible to determine who hit Mr A's vehicle, it was normal industry procedure to treat the claim as fault under Mr A's policy. Finally, the Investigator outlined that while Mr A felt the repair period was unacceptably long, he felt the compensation UKI already paid was fair and reasonable in the circumstances to address this.

Mr. A did not agree with the Investigator's conclusions. He said the £150 compensation didn't reflect the full impact of the repair delays, the damage costs, or the stress and disruption caused to him by the policy's cancellation. He felt that a fair resolution to the complaint would be for UKI to pay a higher amount of compensation, reimbursement of the repair costs he said he'd incurred and reinstatement of his no claims discount.

Mr A asked for an Ombudsman to consider the complaint – so, it's been passed to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've reached the same overall outcome as the Investigator, and I do not uphold this complaint. I appreciate this will come as a disappointment to Mr A, so I've explained why below.

I want to first set out that I won't be repeating the entirety of the complaint history here in my decision or commenting on every point raised. I have considered everything provided but I am not going to comment on each point individually. Instead, I've focussed on what I consider to be the key points I need to think about in order to reach a fair and reasonable conclusion. This is not intended as a discourtesy but rather reflects the key function of this Service; to resolve disputes quickly, and with minimum formality. I've addressed each of the key points of this complaint in turn, for ease of reference.

Repair delays

It's not disputed that the overall repair process took 66 days, which was longer than Mr A expected. UKI has accepted that an internal error caused a delay before the repairs were instructed and they paid £150 compensation for this. Having reviewed the claim timeline and available evidence, I think that's a fair outcome. UKI says that there were further delays in sourcing parts, which were outside of their control. While I appreciate how inconvenient the delays would have been for Mr A, I don't think UKI is responsible for all of the delays experienced. And I think the £150 compensation already paid is in line with what I would expect to address the delays at the start of the process. It therefore follows that I don't think further compensation is warranted.

Additional damage

Mr A said that additional damage occurred to his vehicle while it was being held by UKI's agents and says he had to pay around £1,800 to rectify this. However, UKI said Mr A informed them the vehicle was sold before they had an opportunity to inspect it, so they wouldn't reimburse these costs. Without an inspection, UKI wouldn't have been able to fairly determine when or how any additional damage occurred. So, I think it's fair that UKI was entitled to decline liability in those circumstances. I accept how strongly Mr A feels about this situation and he has linked it to the initial delays experienced. But given the lack of any contemporaneous evidence of this damage; I can't safely conclude UKI or their agents caused it, and I therefore don't think they need to reimburse any repair costs.

Suitable courtesy car

Mr A said the courtesy car he was provided was uncomfortable compared with his much larger insured vehicle and that it caused him discomfort. He's also outlined that due to the repair delays, he was having to use it for a much longer period of time. I've considered the policy's terms, and I can see they say they will provide:

“a small hatchback car or similar that is supplied to you by our approved repairer on a temporary basis. This car should keep you mobile but may not be the same as your car in terms of its size, type, value or status.”

Ultimately, UKI wasn't required under the policy's terms to provide a like for like replacement vehicle. The purpose of the courtesy car benefit is to keep customer mobile, not to match the insured vehicle's size or specification. And I've seen nothing to suggest UKI suggested to Mr A this would be the case. On that basis, I'm satisfied UKI met their contractual obligations by arranging a courtesy car through their approved network while repairs were being completed.

Fault claim and no claims discount

I appreciate that Mr A feels upset about having a fault claim recorded against his insurance record, even though this incident wasn't his fault. I do appreciate this would be frustrating; but it's normal insurance practice for a claim to be recorded as fault on insurance databases where an insurer cannot recover their claim costs from anyone. And this means a no claims discount will often be reduced, in line with the policy's terms. Ultimately, this isn't a judgement on blame, but a reflection that UKI were required to bear the costs of the claim. In those circumstances, I don't think it's unfair that the no claims discount was adjusted in line with the policy or that the claim was recorded as “fault”.

Policy cancellation

Mr A's insurance policy was cancelled following a missed payment in December 2024. I can see that UKI's claim notes record that they spoke with Mr A and he said that he would call them back to make the payment on the 30th of December 2024. Unfortunately, he says he wasn't able to complete this call and UKI said as they heard nothing further, they cancelled the policy in line with their previous notifications.

I've considered this aspect of the complaint very carefully, but I don't think UKI acted unfairly here. I've been provided with several examples of previous missed payments and default notices which outlined Mr A had missed monthly premium payments. I appreciate Mr A explained that due to unforeseen circumstances, he was unable to call UKI on the agreed date to make payment. And Mr A said that UKI made no proactive contact before the cancellation, despite them knowing he planned to resolve the issue. But Mr A has also submitted that he assumed the payment would resolve itself, so made no further contact. And while he's said he didn't receive UKI's notifications of the arrears, I'm satisfied his testimony demonstrates he was aware of the need to settle the outstanding payments otherwise the policy would be cancelled. I've also seen evidence which satisfies me UKI did send correspondence to Mr A to warn him of this consequence.

Ultimately, I'm satisfied UKI gave notice of their intention to cancel the policy, spoke to Mr A to provide an opportunity to prevent cancellation, but when they didn't hear anything back, acted consistently with their original intention. The policy's terms say that UKI has the right to cancel the policy by giving at least seven days' notice and I've seen evidence to show this was followed by UKI. So, while I appreciate Mr A's circumstances were difficult, I think the responsibility for maintaining payments was with him.

Overall, I'm satisfied UKI's overall handling of the claim was reasonable in the circumstances. And I think the £150 compensation already paid is fair for the limited delay they previously identified. I appreciate this is not the answer Mr A was hoping for, but I trust my decision explains why I've reached the conclusion I have.

My final decision

For the reasons I've given above, my final decision is that I do not uphold this complaint or require UK Insurance Limited to take any further action in relation to it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 2 January 2026.

Stephen Howard
Ombudsman